



HRG Memorandum 12-23

To: KEHP Human Resource Generalists
From: Department of Employee Insurance (DEI)
Re: Healthcare Reform Reminders
Date: December 10, 2012

The following is a summary of key components of the Patient Protection and Affordable Care Act (PPACA) that will impact the Kentucky Employees' Health Plan and participating agencies beginning with Plan Year 2013.

FSA limits: Pursuant to the Affordable Care Act, effective **January 1, 2013**, there is a \$2,500 limit per member on annual contributions to healthcare FSAs offered under cafeteria plans. If your member participates in a cross-reference payment option, each planholder may contribute up to \$2,500.

W-2s: Beginning with the Form W-2 issued in **January 2013** (i.e., the Form W-2 issued for the 2012 calendar year), **employers** must report to employees the cost of their employer-sponsored group health plan coverage. This reporting to the IRS is for informational purposes only and is intended to communicate the cost of health care coverage to employees. The value of the coverage provided will not be considered taxable income. A copy of IRS Notice 2012-9 may be found at: <http://www.irs.gov/pub/irs-drop/n-12-09.pdf>.

In general, the requirement is to report the aggregate cost of employer-sponsored medical coverage. The aggregate reportable cost generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee.

Summary of Benefits and Coverage (SBC): Healthcare reform requires KEHP to provide clear, consistent, easy-to-understand information about health plan benefits and coverage to members. SBCs for KEHP are available at KEHP.ky.gov. For more information, please contact the Department of Employee Insurance, Member Services Branch at (888) 581-8834 or kehrp.ky.gov.

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